SalMar ASA

Presentation Q3 2016

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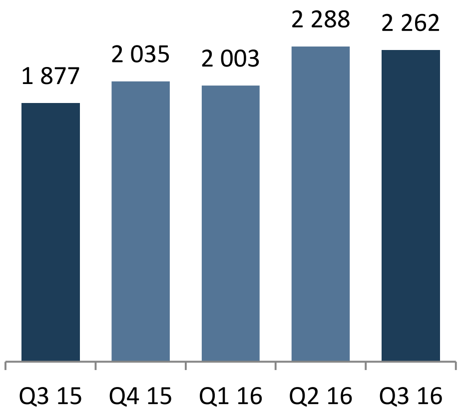
Agenda

- Highlights
- Operational update
- Financial update
- Outlook

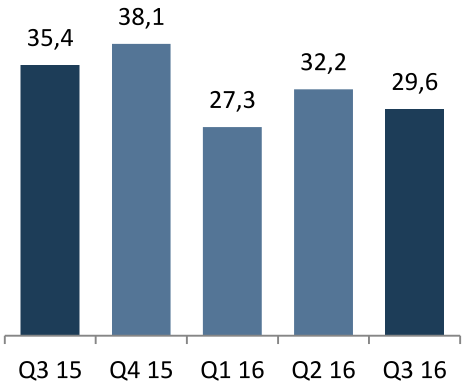
Third quarter 2016 highlights

- Satisfactory results driven by strong prices
- Biological challenges driving costs
- 49% of sales on contracts with prices well below average spot
- Volume guiding for 2016 down 8,000 tons to 118,000 tons
  - 50/50 actual reduction and transfer of volumes into 2017

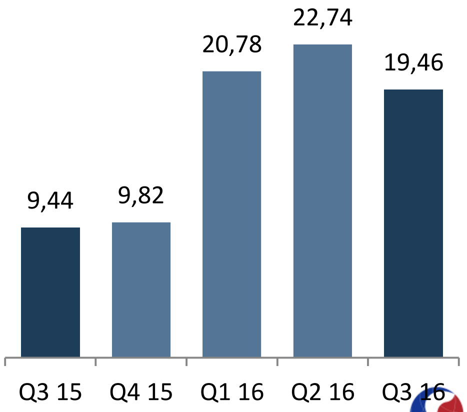
Operating income (NOKm)



Harvest volume (1,000 tons)



EBIT/kg (NOK)



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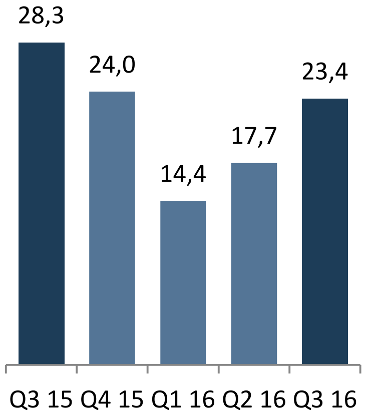
Operational update

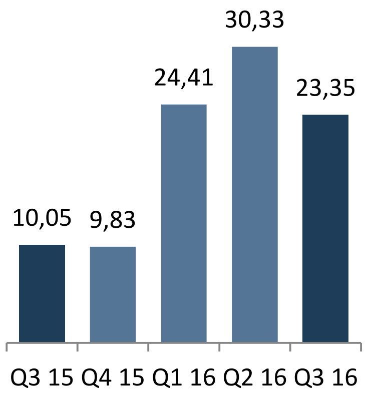
Farming Central Norway

	Q3 2016	Q3 2015	FY 2015
Operating income (NOKm)	1 424,9	1 168,8	3 941,7
Operational EBIT (NOKm)	545,8	284,4	947,7
Operational EBIT %	38,3 %	24,3 %	24,0 %
Harvested volume (tgw)	23,4	28,3	96,9
EBIT/kg	23,35	10,05	9,78

Harvest volume (1,000 tons)



EBIT/kg (NOK)



- Challenging biological situation
  - Driving costs and affects overall efficiency
- Some accelerated harvesting
- Strong operations give satisfactory production results in a challenging area
  - Especially the conventional production
- Margin-squeeze on organic salmon
  - High spot-prices reduce premium
  - Market challenges related to labelling
  - Very high underlying cost
- Expect harvest volumes of 73 000 tons in 2016 , down 4 000 from Q2

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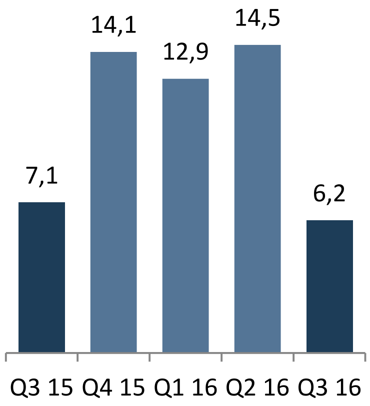
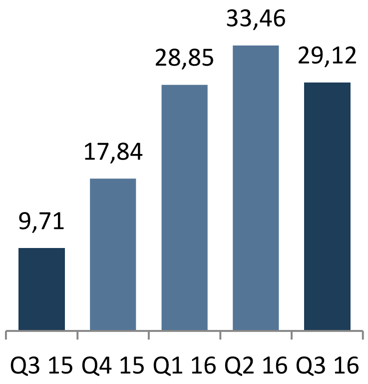
Farming Northern Norway

	Q3 2016	Q3 2015	FY 2015
Operating income (NOKm)	369,0	282,8	1 646,9
Operational EBIT (NOKm)	181,4	68,6	505,8
Operational EBIT %	49,2%	24,2%	30,7%
Harvested volume (tgw)	6,2	7,1	39,5
EBIT/kg	29,12	9,71	12,81

Harvest volume (1,000 tons)



EBIT/kg (NOK)



- Satisfactory operational performance
- Zone regulations influence harvest distribution
  - Negative effect on prices achieved
  - Accelerated harvesting due to MAB limitation
- Biological situation remains sound
  - Slight increase in lice treatments in southern part of the region
  - Improved preparedness through investments in non medicamental treatment and well-boat capacity
- Operational optimisation push volumes into 2017
- Expect harvest volume of 45 000 tons in 2016, down 4 000 from Q2 guidance

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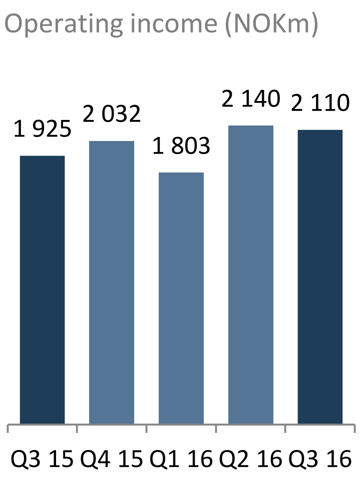
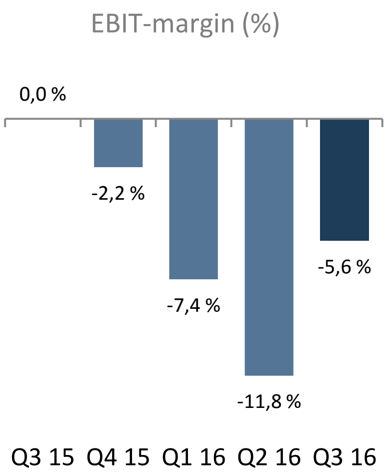
Sales & Processing

	Q3 2016	Q3 2015	FY 2015
Operating income (NOKm)	2 110,2	1 925,0	7 295,0
Operational EBIT (NOKm)	-118,8	0,5	72,6
Operational EBIT %	-5,6%	0,0%	1,0%

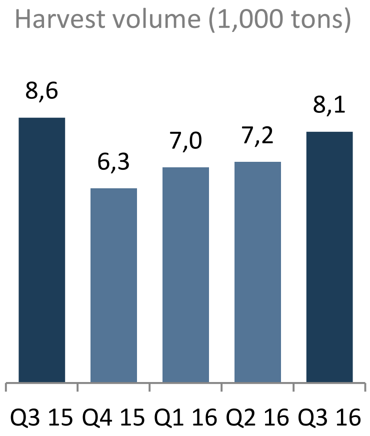


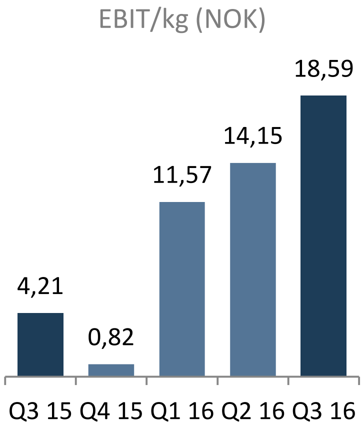


- 49% of sales on contract at prices below average spot
- Operational efficiency affected by biological situation within farming
- Downgrades and suboptimal sizes affect prices achieved
- Processing affected by high raw material prices
- Expect 55% contract share for Q4 due to overall volume adjustments. Contract-prices up from previous quarters

Norskott Havbruk

	Q3 2016	Q3 2015	FY 2015
Operating income (NOKm)	511,9	462,8	1 498,5
Operational EBIT (NOKm)	151,5	36,2	121,6
Operational EBIT %	29,6%	7,8%	8,1%
Value adjustments biomass	26,4	-23,6	-23,9
Profit before tax	175,0	11,7	90,4
SalMars share after tax	68,9	5,5	41,4
Harvested volume (tgw)	8,1	8,6	27,0
EBIT/kg	18,59	4,21	4,50

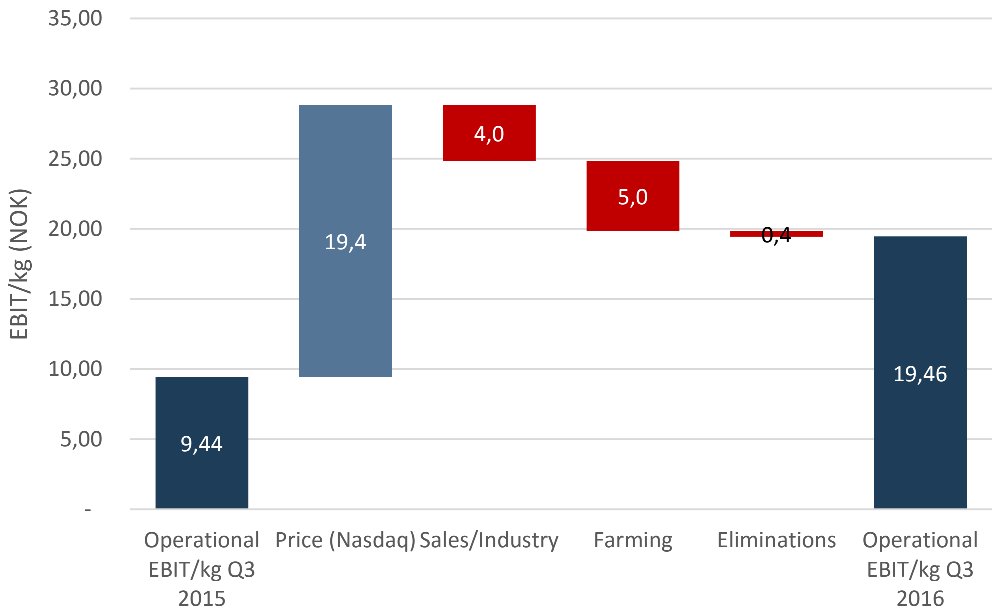




- Contract share of some 50% during the quarter
- The biological situation is good in Scottish Mainland and Orkney
- Biological challenges in Shetland region
  - Sea lice
  - Gill health
  - Accelerated harvesting
- Expect harvest volumes of approx. 26 000 tons in 2016

Financial update

Operational EBIT deviation analysis (yoy)



- Continued strong prices
  - Average price up NOK 19.38/kg yoy
- 49% of sales on contracts with significant negative effect
- Farming costs driven by continued biological challenges
- EBIT/kg Q3 2016 NOK 19.46, up from NOK 9.44 in Q3 2015

Group profit and loss

NOK million	3Q 16	3Q 15	YTD 2016	YTD 2015	FY 2015
Operating income	**2 262,1**	**1 876,6**	**6 553,5**	**5 291,0**	**7 326,2**
Cost of goods sold	1 022,9	931,9	2 780,3	2 545,9	3 562,8
Payroll expenses	217,9	197,0	622,6	564,7	765,9
Other operating expenses	354,7	338,3	1 012,3	924,0	1 272,2
EBITDA	666,5	409,5	2 138,3	1 256,4	1 725,3
Depreciations	90,2	75,8	263,6	226,8	321,4
Operational EBIT	**576,3**	**333,7**	**1 874,7**	**1 029,6**	**1 403,9**
Fair value adjustment	173,3	141,2	117,6	21,5	39,9
Operational profit	**749,6**	**474,9**	**1 992,3**	**1 051,1**	**1 443,8**
Income from investments in associates	67,5	4,2	159,5	26,1	40,2
Net interest costs	-27,0	-25,6	-74,8	-71,0	-95,3
Other financial items	26,4	0,8	46,9	0,5	-5,1
Profit before tax	**816,5**	**454,3**	**2 123,9**	**1 006,7**	**1 383,7**
Tax	189,1	118,1	489,6	264,7	254,9
Net profit for the period	**627,3**	**336,2**	**1 634,3**	**741,9**	**1 128,8**

- Revenues and results driven by strong salmon prices
- Average salmon price (NASDAQ) NOK 60.47/kg (NOK 41.09)
- 49% contract share with significant effect on prices achieved
- Costs affected by biological conditions
- EBIT/kg NOK 19.46 vs NOK 9.44 in Q3 15

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Group balance sheet

NOK Million	30.09.2016	30.06.2016	31.12.2015	30.09.2015
ASSETS				
Intangible fixed assets	2 911,9	2 913,0	2 913,5	2 929,7
Tangible fixed assets	3 050,1	2 866,5	2 412,0	2 210,3
Financial fixed assets	857,0	851,3	636,2	571,0
Total fixed assets	**6 819,0**	**6 630,8**	**5 961,7**	**5 711,0**
Inventory	4 286,6	3 637,7	3 634,3	3 581,7
Accounts receivables	484,5	774,1	815,5	890,8
Other short-term receivables	407,1	328,5	258,3	235,3
Cash and cash equivalents	419,8	198,9	273,7	96,3
Total current assets	**5 597,9**	**4 939,3**	**4 981,8**	**4 804,2**
TOTAL ASSETS	**12 416,9**	**11 570,0**	**10 943,5**	**10 515,2**
EQUITY AND LIABILITIES				
Paid-in equity	523,3	515,7	501,1	476,6
Reserves	5 060,6	4 455,5	4 646,3	4 275,1
Minority interests	60,7	76,3	79,7	77,5
Total equity	**5 644,6**	**5 047,6**	**5 227,0**	**4 829,2**
Provisions for liabilities	1 228,9	1 189,3	1 230,8	1 281,0
Int. bearing long-term liabilities	2 230,5	2 488,6	2 761,4	2 452,6
Total long-term liabilities	**3 459,5**	**3 677,9**	**3 992,5**	**3 733,6**
Int. bearing short-term liabilities	140,4	320,6	140,4	333,4
Other short-term liabilities	3 172,4	2 524,0	1 583,9	1 619,0
Total short-term liabilities	**3 312,8**	**2 844,6**	**1 723,9**	**1 952,4**
TOTAL EQUITY AND LIABILITIES	**12 416,9**	**11 570,0**	**10 943,5**	**10 515,2**
Net interest bearing debt	**1 951,2**	**2 610,3**	**2 628,1**	**2 689,7**
Equity share	**45,5 %**	**43,6 %**	**47,8 %**	**45,9 %**

- Investments in line with ongoing investment programs
- Fair value of biomass increased NOK 340,8 million
- Other short-term liabilities up NOK 648.4 million
  - Account payables up NOK 364.1 million
  - Tax payable up NOK 149.7 million
  - Loss on contract sales up NOK 183.1 million
- Net interest bearing debt down NOK 659.1 million to NOK 1 951.2 million
- Equity ratio up to 45.5%

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Group cash flow

NOK million	3Q 16	3Q 15	YTD 2016	YTD 2015	FY 2015
Profit before tax	816,5	454,3	2 123,9	1 006,7	1 383,7
Tax paid in period	-	-0,6	-17,6	-5,9	-315,1
Depreciation	90,2	75,8	263,6	226,8	321,4
Share of profit/loss from associates	-67,5	-4,2	-159,5	-26,1	-40,2
Gains exit subsidiaries	-	-	-28,4	-	-
Change in fair value adjustments	-173,3	-141,2	-117,6	-21,5	-39,9
Change in working capital	302,6	-214,9	855,5	-4,8	279,2
Other changes	-31,1	1,6	45,5	30,4	33,3
Net cash flow from operating activities	937,4	170,8	2 965,5	1 205,7	1 622,3
				-	-
Net cash flow from investing activities	-246,0	-104,0	-1 089,3	-404,5	-724,7
				-	-
Change in interest-bearing debt	-438,3	-55,1	-530,9	317,8	424,8
Dividend paid out	-4,7	-	-1 125,9	-1 120,0	-1 124,9
Interest paid	-27,2	-25,6	-75,0	-71,0	-95,3
Other changes	-	-0,2	-	-0,1	-0,1
Net cash flow from financing activities	-470,2	-81,0	-1 731,7	-873,3	-795,5
Net change in cash for the period	**221,2**	**-14,2**	**144,5**	**-72,1**	**102,0**
Foreign exchange effects	-0,4	1,5	1,6	1,5	4,7
Cash in the beginning of the period	198,9	109,0	273,7	167,0	167,0
Cash at the end of the period	419,8	96,3	419,8	96,3	273,7

- Strong cash flow from operations
  - Strong operational earnings
  - Working capital release
- Net cash flow from investments at NOK 246 million
  - NOK 273 million related investments in operational assets
    - NOK 123 million in existing and new smolt capacity
    - NOK 49 million in Ocean Farming
- Cash and cash equivalents increased by NOK 221 million to NOK 420 million

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Outlook

Outlook

- Biological situation remains challenging – continues into Q4 16
  - Improved capacity for handling of sea lice in all regions
- New guiding: Expect harvest volume of 118 000 tons (Norway) in 2016
  - 4 000 tons from Northern Norway pushed into 2017
- Current contract share for Q4 2016 around 55% due to overall volume adjustments. Contract share for 2017 approx. 30%
  - Contract-prices up from previous quarters
- Experiencing continued good demand in core markets
- Tight market support strong prices going forward
  - Global supply expected down 7% in 2016
  - Norwegian supply expected down 4%
- 128 000 tons expected in 2017

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Thank you for your attention!
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